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# Missouri Real Estate Malpractice Insurance Report

Statistics Section  
August 2006



**DIFP**  
Department of Insurance  
Financial Institutions &  
Professional Registration

# **MISSOURI REAL ESTATE MALPRACTICE INSURANCE REPORT 2005**

**Department of Insurance, Financial Institutions &  
Professional Registration  
Statistics Section  
August 2006**

## Also Available From DIFP

The following reports are available by sending a written request along with \$35 to: **Missouri Department of Insurance, Financial Institutions and Professional Registration, P.O. Box 690, Jefferson City, MO 65102-0690**

1. **Missouri Complaint Index Report**  
summary information: <http://www.insurance.mo.gov/reports/complaint/index.htm>
2. **Missouri Department of Insurance Annual Report**  
summary information: [http://www.insurance.mo.gov/aboutInsurance/annual\\_report.htm](http://www.insurance.mo.gov/aboutInsurance/annual_report.htm)
3. **Missouri Legal Malpractice (Closed Claim) Report**  
summary information: <http://www.insurance.mo.gov/reports/legmal/index.htm>
4. **Missouri Life, Accident & Health Supplement Data**  
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
5. **Missouri Market Share Report**  
summary information: <http://www.insurance.mo.gov/reports/mktshr.htm>
6. **Missouri Medical Malpractice (Closed Claim) Report**  
summary information: <http://www.insurance.mo.gov/reports/medmal/index.htm>
7. **Missouri Product Liability (Closed Claim) Report**  
summary information: <http://www.insurance.mo.gov/reports/prodliab/index.htm>
8. **Missouri Property & Casualty Supplement Report**  
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
9. **Missouri Real Estate Malpractice (Closed Claim) Report**  
summary information: <http://www.insurance.mo.gov/reports/remal/index.htm>
10. **Mortgage Guaranty Report**  
summary information: <http://www.insurance.mo.gov/reports/mortguar/index.htm>
11. **Private Passenger Automobile Report**  
summary information: <http://www.insurance.mo.gov/reports/ppauto.pdf>
12. **Missouri Health Maintenance Organization Report**  
summary information: <http://www.insurance.mo.gov/reports/hmo/index.htm>

**Databases:** For more information: <http://www.insurance.mo.gov/reports/index.htm#aggdata>

1. Medicare Supplement Experience Data
2. Commercial Liability Experience Data
3. Missouri **Zip Code Insurance Data** for:
  - Homeowners/Dwelling Fire,
  - Farmowners (dwelling only),
  - Mobile Home,
  - Earthquake, and
  - Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the **Statistics Section at (573) 751-4126**.

# **Real Estate Malpractice Insurance Report**

## **Executive Summary**

This report summarizes Missouri real estate malpractice data for 1996 to 2005. The charts, graphs and tables are limited to closed claim information and were constructed from data collected by the department as required by Section 383.060 RSMo. The premium and loss data is presented in the final section. This data was obtained from the Missouri Page 20 Supplement to the companies' annual statements.

The loss ratio for real estate malpractice in Missouri during 2005 was -59 percent. This marks the sixth time in the past ten years that the industry posted a pure profit on all premiums. The profit stems from corrections the industry has made for over-reserving on claims in previous years.

Of 124 claims closed in 2005, insurers paid an average of \$12,884 in benefits in 27 cases (22 percent). Closed claims, both with and without payments, increased substantially from 2004.

Over the last 10 years, 593 real estate malpractice claims were closed in Missouri — 138 (23 percent) with payment and 455 (77 percent) without payment.

In 2005, the average loss adjustment expense for all claims closed with payment was \$17,867. The expenses for all claims closed without payment averaged \$4,973.

In Section II, indemnities paid on closed claims are shown by claim characteristics. The number of closed claims, average paid claim and total amount paid are included in each of these six categories:

- Area of real estate in which the claims were filed.
- Major activity in which the agent was engaged when the alleged error or omission occurred.
- Alleged error or omission that was the most significant

reason for the claim.

- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

Five companies reported writing real estate malpractice insurance business in Missouri during 2005. The five writers of real estate malpractice insurance in Missouri are St Paul Fire & Marine Insurance Co., Liberty Insurance Underwriters, Inc., United States Liability Insurance Co., Greenwich Insurance Co., and St Paul Guardian Insurance Co.

This report was compiled using information submitted by the insurance companies. As a result, the accuracy of this report is dependent upon the accuracy of each company's data. Copies of this report will be made available in braille, large print or on audio cassette upon request. Questions regarding this report should be directed to the Statistics Section, Department of Insurance, Financial Institutions & Professional Registration, P.O. Box 690, Jefferson City, Missouri 65102-0690.

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**TEN YEAR  
SUMMARY  
(1996 - 2005)**

REAL ESTATE MALPRACTICE INSURANCE  
TEN YEAR SUMMARY

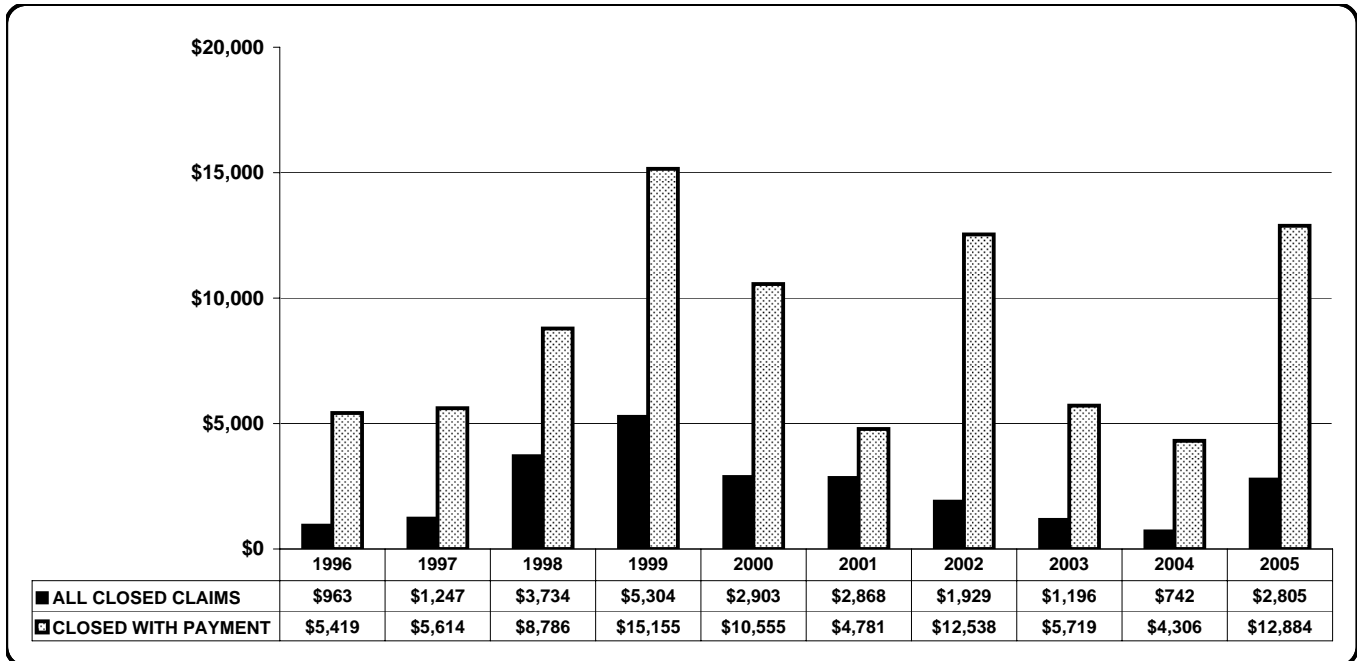
1996 - 2005

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	593	100.0%	\$1,233,140	\$2,079	\$1,946,498	\$3,282
Closed with Payment	138	23.3%	\$1,233,140	\$8,936	\$1,319,983	\$9,565
Closed without Payment	455	76.7%	\$0	\$0	\$626,515	\$1,377

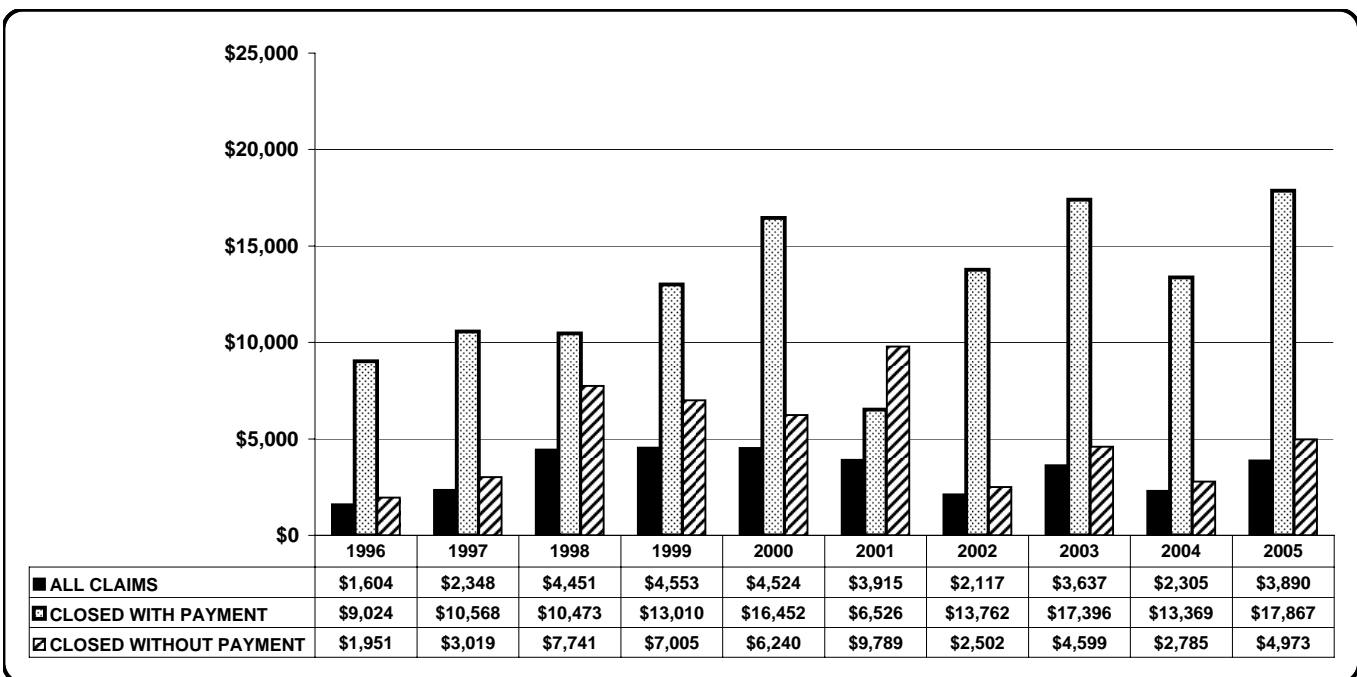


# MISSOURI REAL ESTATE MALPRACTICE INSURANCE

## Average Paid Claim

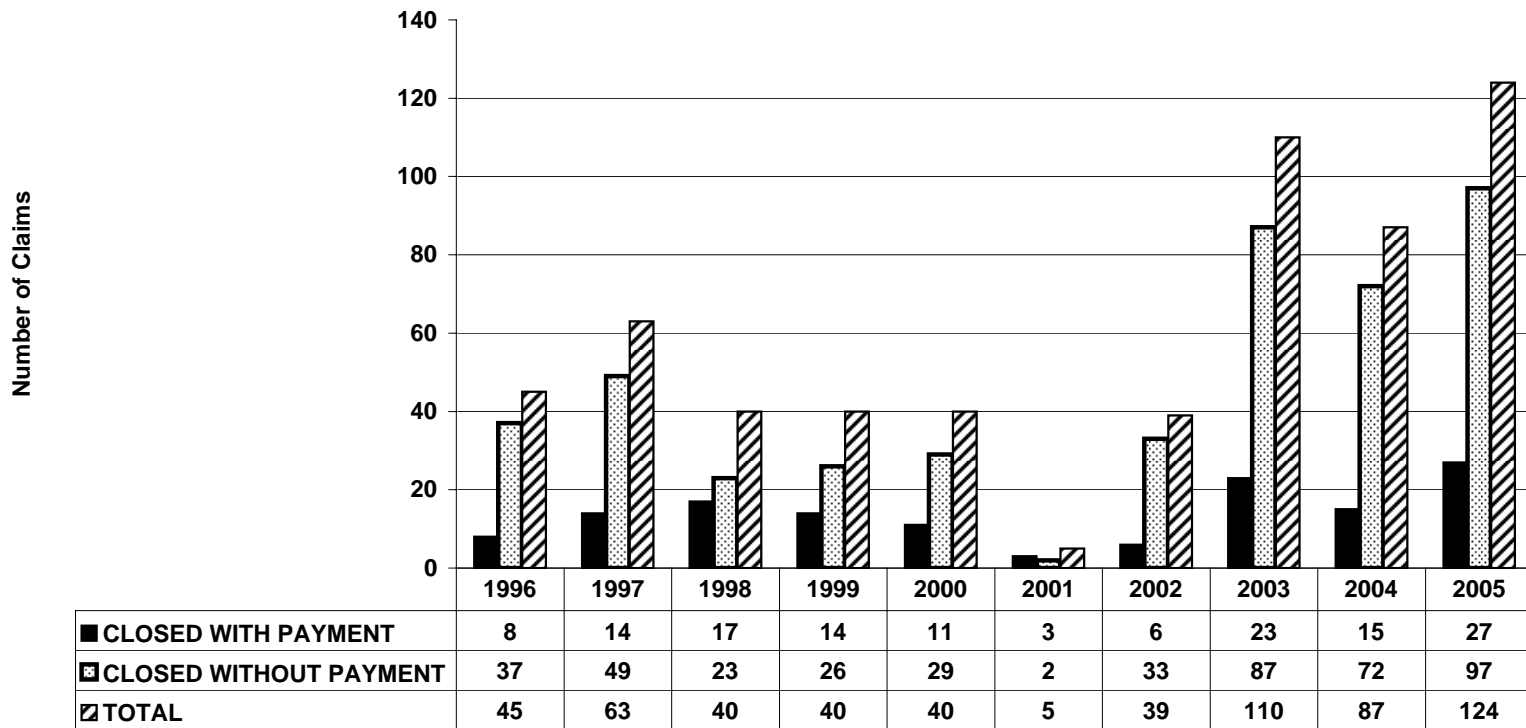


## Average Paid Loss Adjustment Expense



# MISSOURI REAL ESTATE MALPRACTICE INSURANCE

## Claim Count



**TEN YEAR SUMMARY  
&  
2005 SUMMARY  
BY  
AREA OF REAL ESTATE**

**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1996 - 2005**

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	491	118	85.51%	\$8,398	\$990,909	80.36%	\$3,307
AS AGENT TO PROCURE PROPERTY TO PURCHASE	102	20	14.49%	\$12,112	\$242,231	19.64%	\$3,164
<b>TOTAL</b>	<b>593</b>	<b>138</b>	<b>100.00%</b>	<b>\$8,936</b>	<b>\$1,233,140</b>	<b>100.00%</b>	<b>\$3,282</b>

REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS

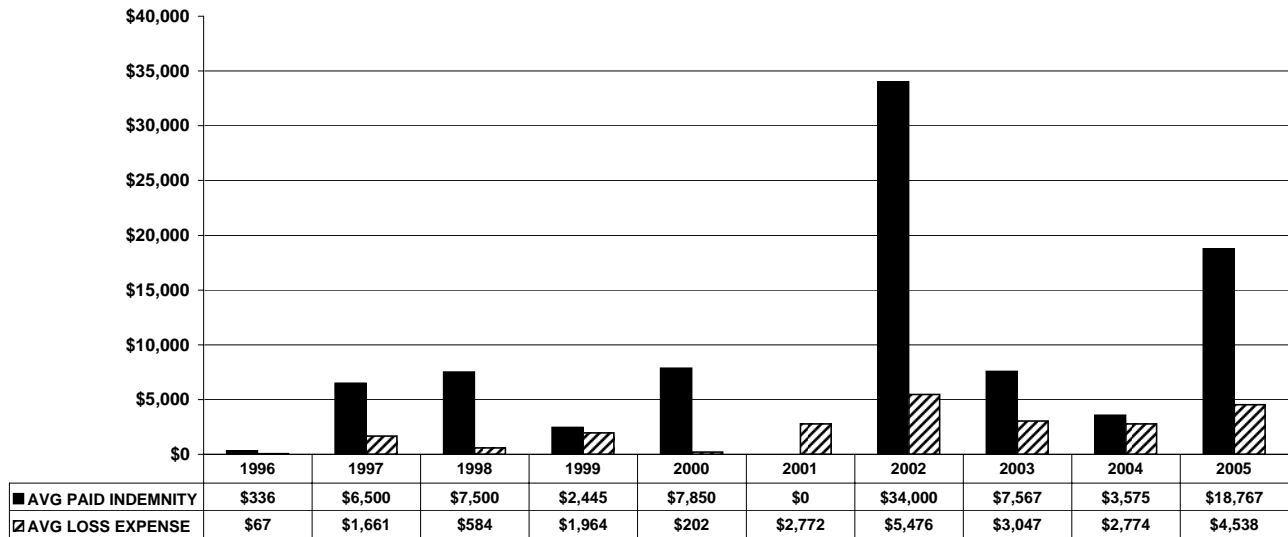
CLAIMS CLOSED IN 2005

AREA OF REAL ESTATE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
AS AGENT TO PROCURE PURCHASE OF PROPERTY	97	21	77.78%	\$11,204	\$235,274	67.63%	\$3,710
AS AGENT TO PROCURE PROPERTY TO PURCHASE	27	6	22.22%	\$18,767	\$112,600	32.37%	\$4,538
TOTAL	124	27	100.00%	\$12,884	\$347,874	100.00%	\$3,890

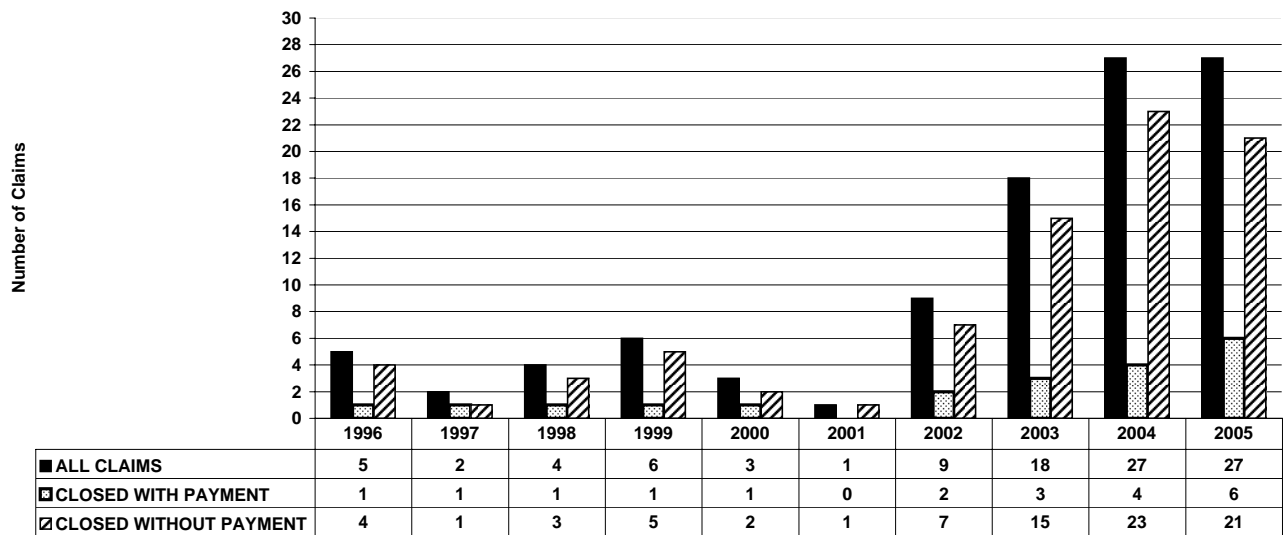
**AREA OF REAL ESTATE  
TRENDS  
OF  
2005**

## AS AGENT TO PROCURE PROPERTY TO PURCHASE

### Average Paid Indemnity & Average Loss Expense



### Claim Count



**TEN YEAR SUMMARY  
&  
2005 SUMMARY  
BY  
MAJOR ACTIVITY**



**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1996 - 2005**

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	404	91	65.94%	\$8,433	\$767,373	62.23%	\$3,198
SHOWING PROPERTY	136	32	23.19%	\$8,494	\$271,815	22.04%	\$3,157
CLOSING AND TRANSFERRING TITLE	53	15	10.87%	\$12,930	\$193,952	15.73%	\$4,247
<b>TOTAL</b>	<b>593</b>	<b>138</b>	<b>100.00%</b>	<b>\$8,936</b>	<b>\$1,233,140</b>	<b>100.00%</b>	<b>\$3,282</b>

REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS

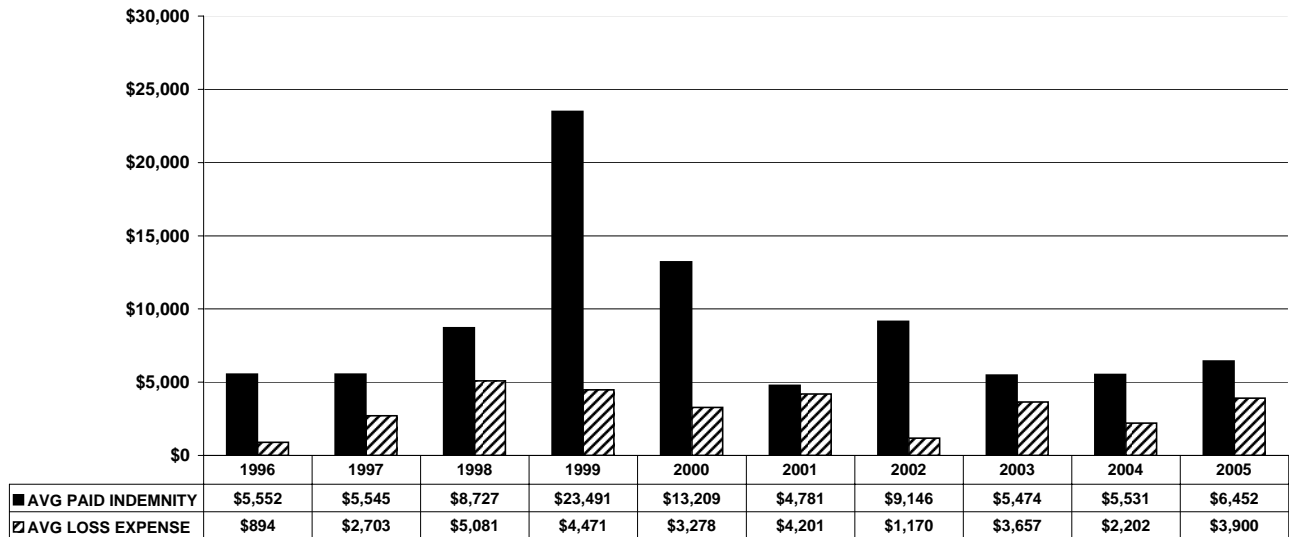
CLAIMS CLOSED IN 2005

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
LISTING THE PROPERTY FOR SALE	79	19	70.37%	\$6,452	\$122,588	35.24%	\$3,900
SHOWING PROPERTY	29	4	14.81%	\$21,123	\$84,490	24.29%	\$3,376
CLOSING AND TRANSFERRING TITLE	16	4	14.81%	\$35,199	\$140,796	40.47%	\$4,774
TOTAL	124	27	100.00%	\$12,884	\$347,874	100.00%	\$3,890

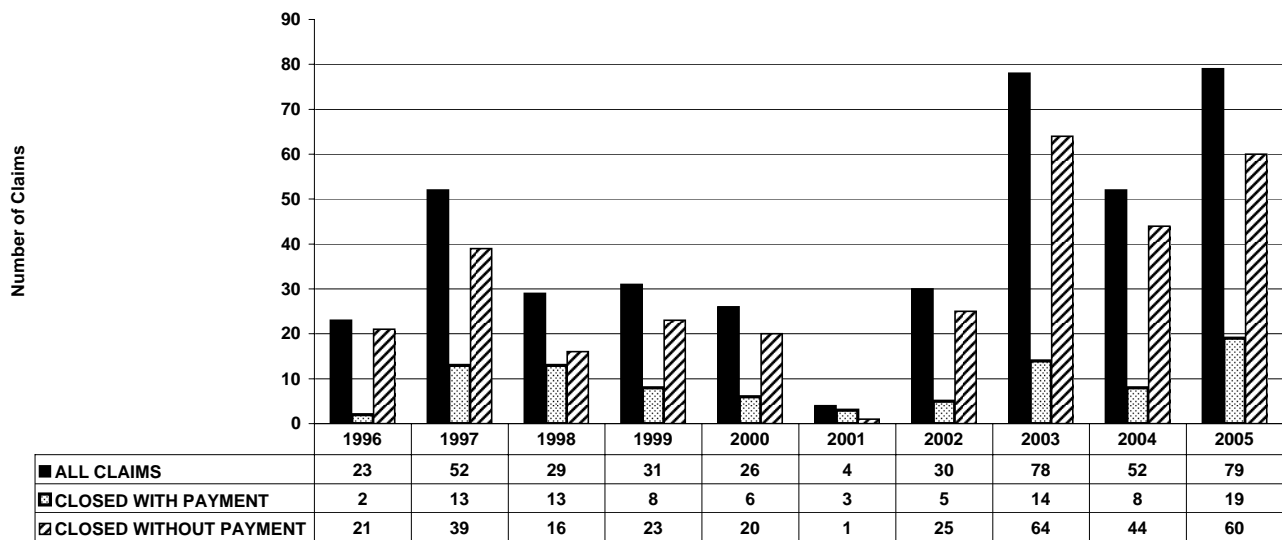
**MAJOR ACTIVITY  
TRENDS  
OF  
2005**

## LISTING THE PROPERTY FOR SALE

### Average Paid Indemnity & Average Loss Expense

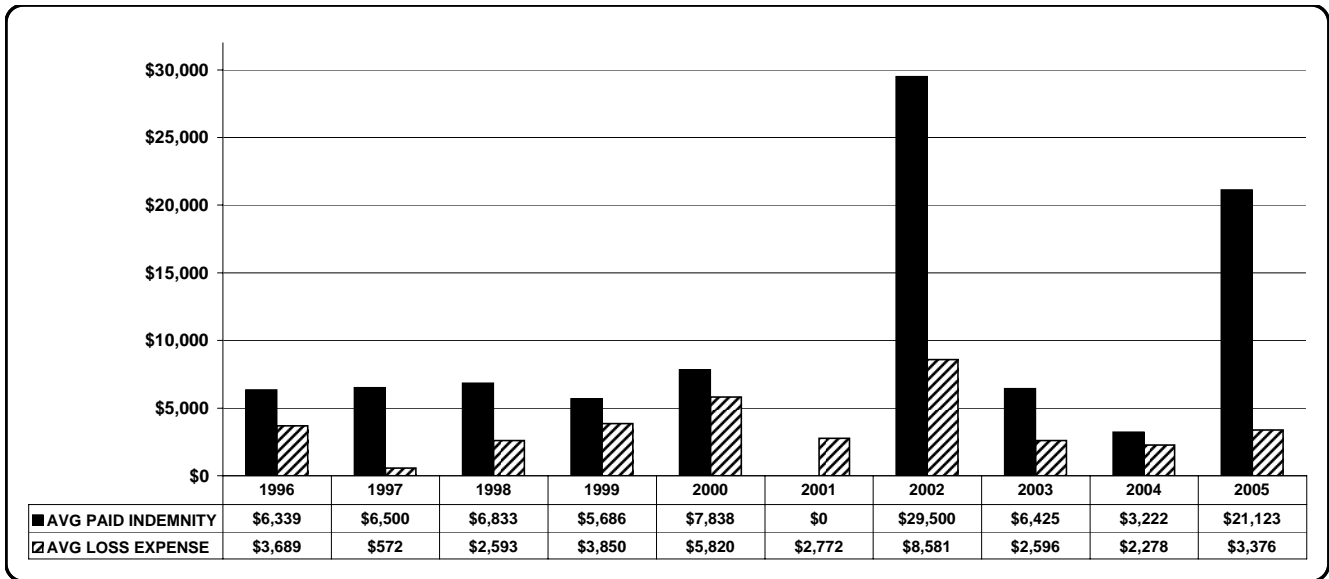


### Claim Count

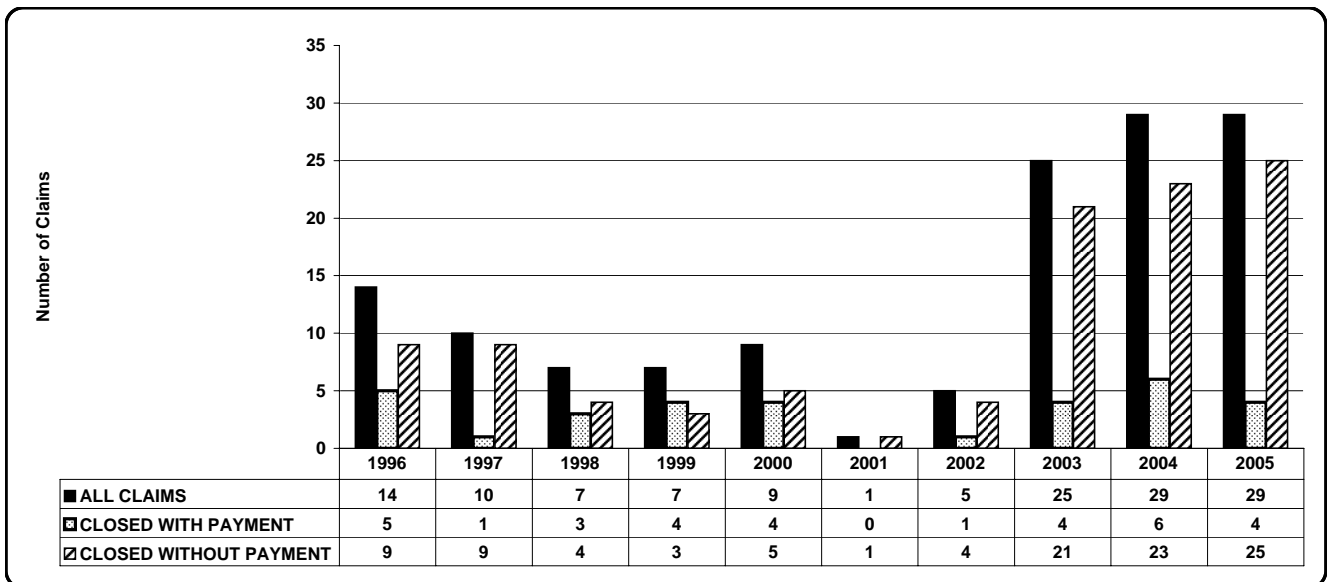


## SHOWING PROPERTY

Average Paid Indemnity & Average Loss Expense

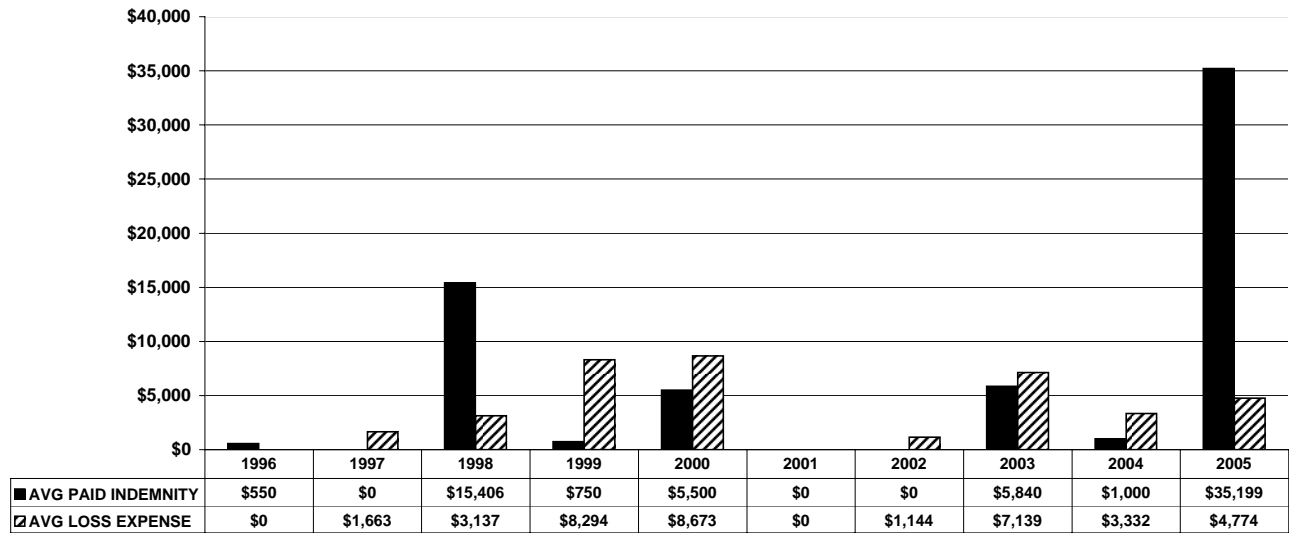


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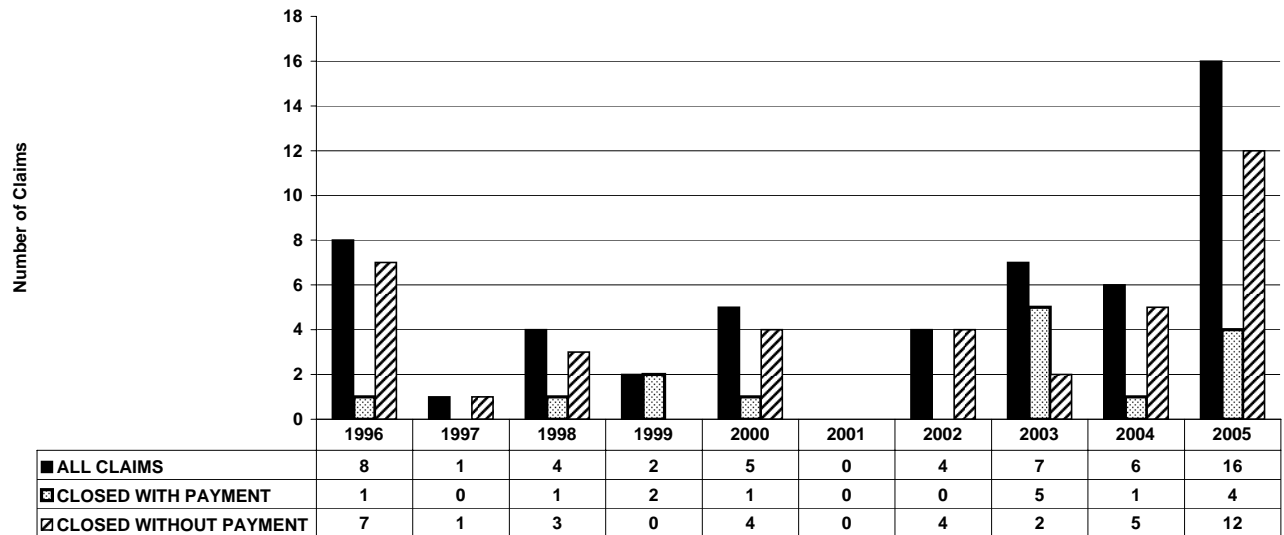


## CLOSING AND TRANSFERRING TITLE

### Average Paid Indemnity & Average Loss Expense



### Claim Count



**TEN YEAR SUMMARY  
&  
2005 SUMMARY  
BY  
ALLEGED ERROR OR OMISSION**

**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1996 - 2005**

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	432	112	81.16%	\$8,017	\$897,873	72.81%	\$3,623
OTHER	127	21	15.22%	\$14,310	\$300,517	24.37%	\$2,326
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	34	5	3.62%	\$6,950	\$34,750	2.82%	\$2,530
<b>TOTAL</b>	<b>593</b>	<b>138</b>	<b>100.00%</b>	<b>\$8,936</b>	<b>\$1,233,140</b>	<b>100.00%</b>	<b>\$3,282</b>



# REAL ESTATE MALPRACTICE INSURANCE INDEMNITY ANALYSIS

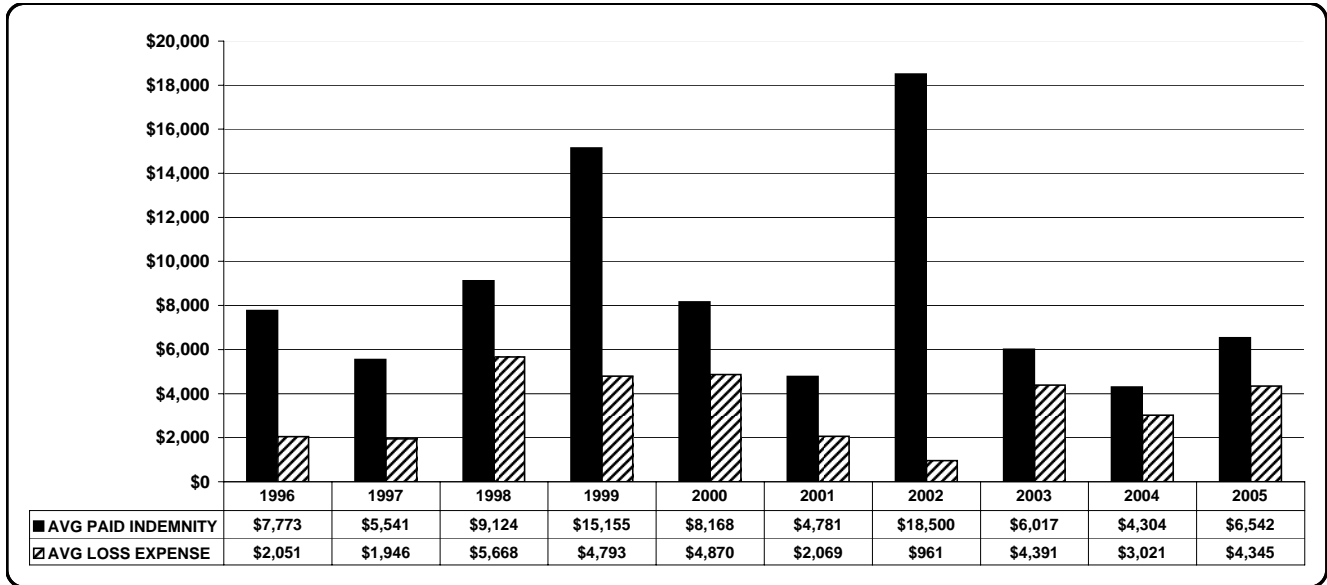
## CLAIMS CLOSED IN 2005

ALLEGED ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY	78	19	70.37%	\$6,542	\$124,304	35.73%	\$4,345
OTHER	38	7	25.93%	\$29,939	\$209,570	60.24%	\$3,181
FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP	8	1	3.70%	\$14,000	\$14,000	4.02%	\$2,832
TOTAL	124	27	100.00%	\$12,884	\$347,874	100.00%	\$3,890

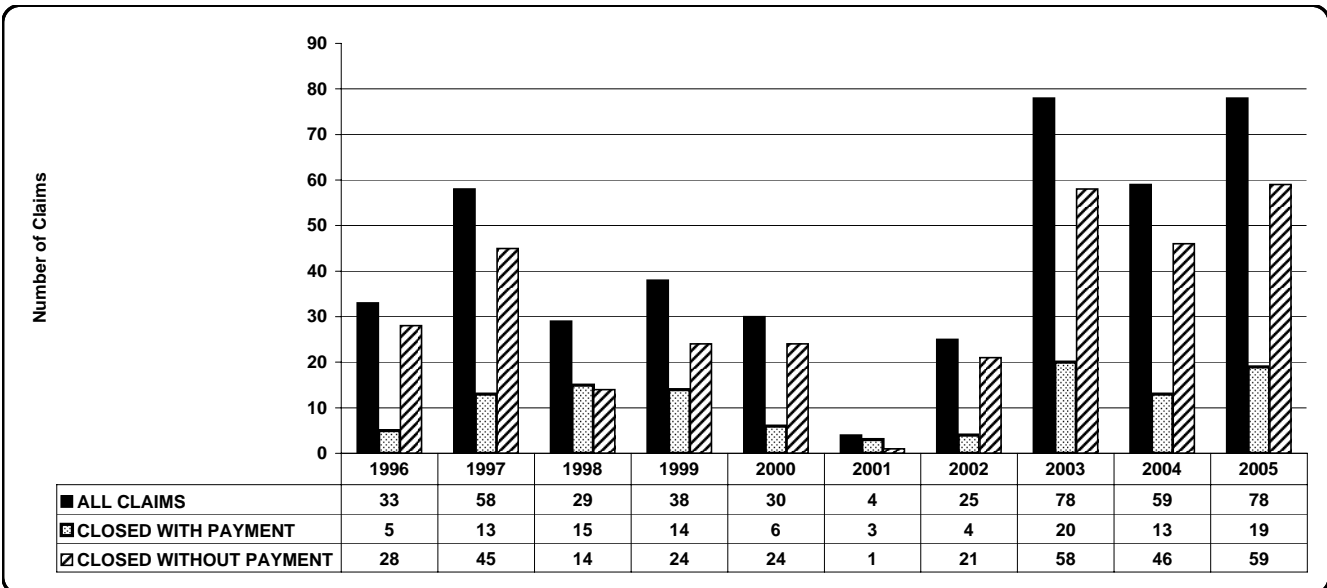
**ALLEGED ERROR OR OMISSION  
TRENDS  
OF  
2005**

## FAILURE TO DISCLOSE MATERIAL FACT ABOUT THE PROPERTY

### Average Paid Indemnity & Average Loss Expense

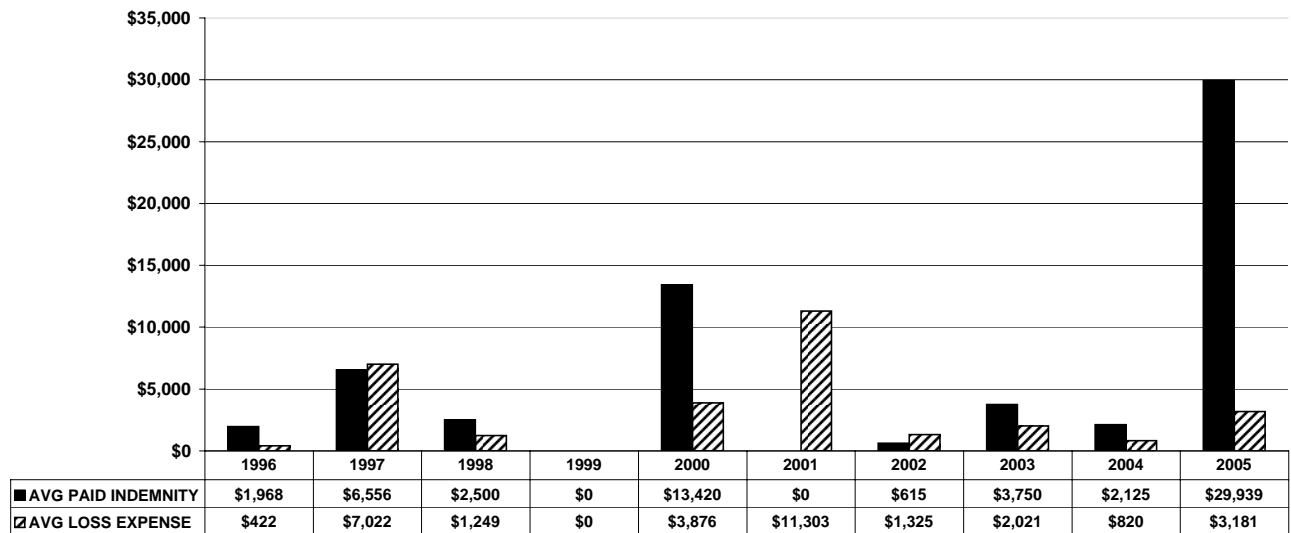


### Claim Count

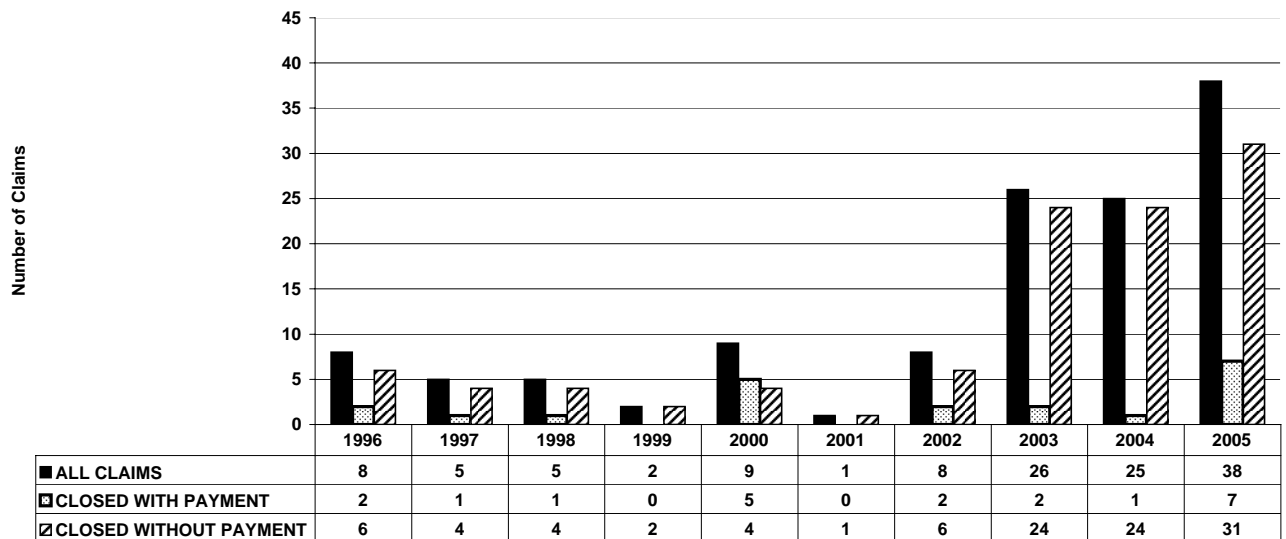


## OTHER

Average Paid Indemnity & Average Loss Expense

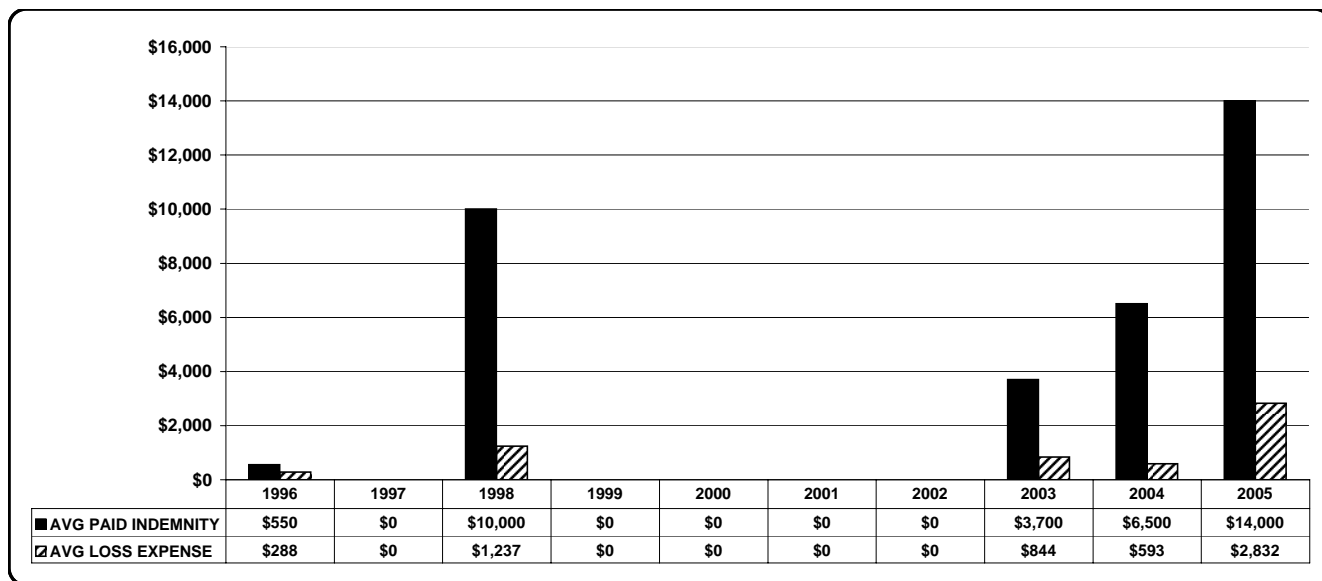


## Claim Count

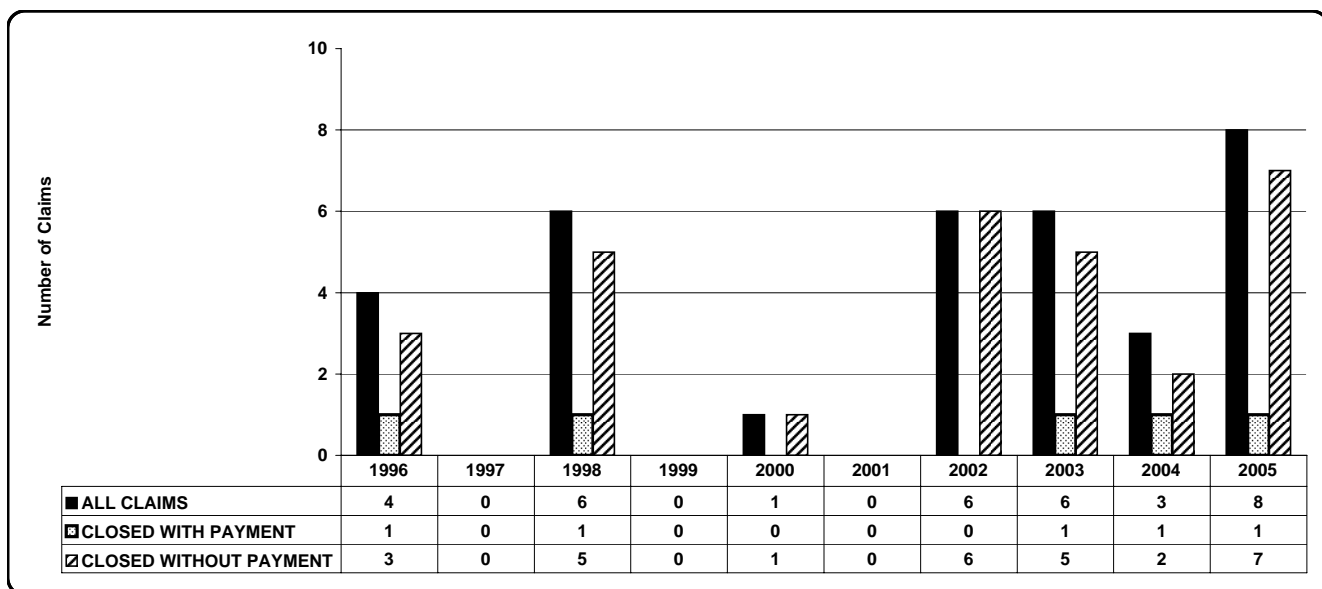


## FAILURE TO CORRECTLY COMPLETE FORMS TO TRANSFER OWNERSHIP

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY  
&  
2005 SUMMARY  
BY  
CLAIM DISPOSITION**

**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1996 - 2005**

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	223	31	22.46%	\$6,768	\$209,813	17.01%	\$713
BEFORE TRIAL OR HEARING	196	98	71.01%	\$8,589	\$841,744	68.26%	\$7,254
CLAIM OR SUIT ABANDONED	136	0	0.00%	\$0	\$0	0.00%	\$592
AFTER JUDGMENT, BEFORE APPEAL	26	4	2.90%	\$30,467	\$121,869	9.88%	\$8,104
DURING TRIAL OR HEARING	11	4	2.90%	\$13,554	\$54,214	4.40%	\$3,480
DURING APPEAL	1	1	0.72%	\$5,500	\$5,500	0.45%	\$36,257
<b>TOTAL</b>	<b>593</b>	<b>138</b>	<b>100.00%</b>	<b>\$8,936</b>	<b>\$1,233,140</b>	<b>100.00%</b>	<b>\$3,282</b>

REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS

CLAIMS CLOSED IN 2005

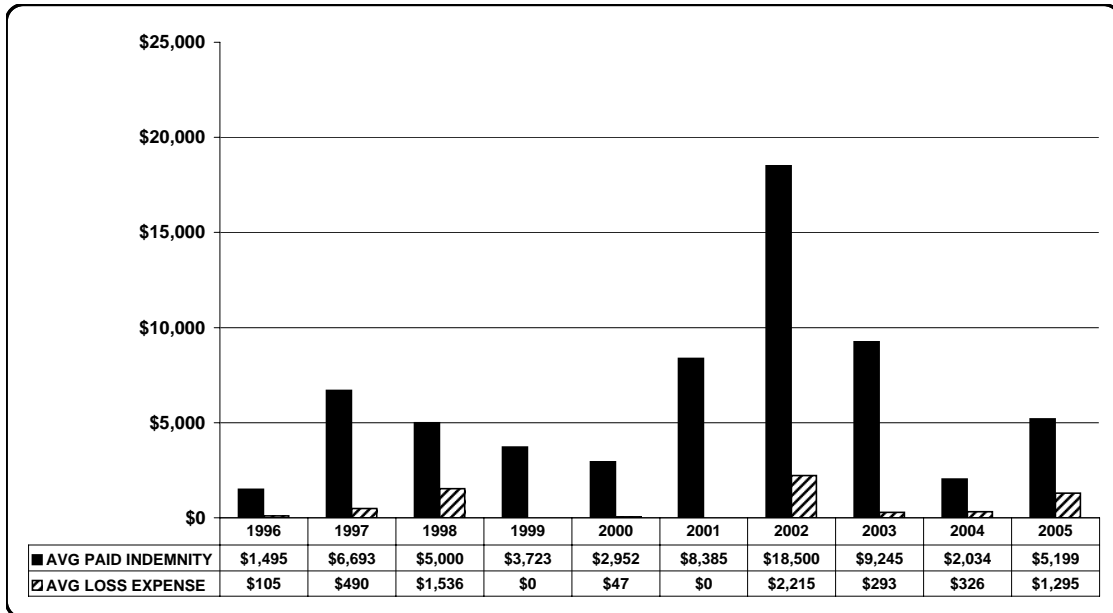
CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	47	9	33.33%	\$5,199	\$46,794	13.45%	\$1,295
BEFORE TRIAL OR HEARING	40	16	59.26%	\$10,752	\$172,034	49.45%	\$8,309
CLAIM OR SUIT ABANDONED	32	0	0.00%	\$0	\$0	0.00%	\$443
AFTER JUDGMENT, BEFORE APPEAL	3	1	3.70%	\$99,046	\$99,046	28.47%	\$22,716
DURING TRIAL OR HEARING	2	1	3.70%	\$30,000	\$30,000	8.62%	\$3,415
TOTAL	124	27	100.00%	\$12,884	\$347,874	100.00%	\$3,890



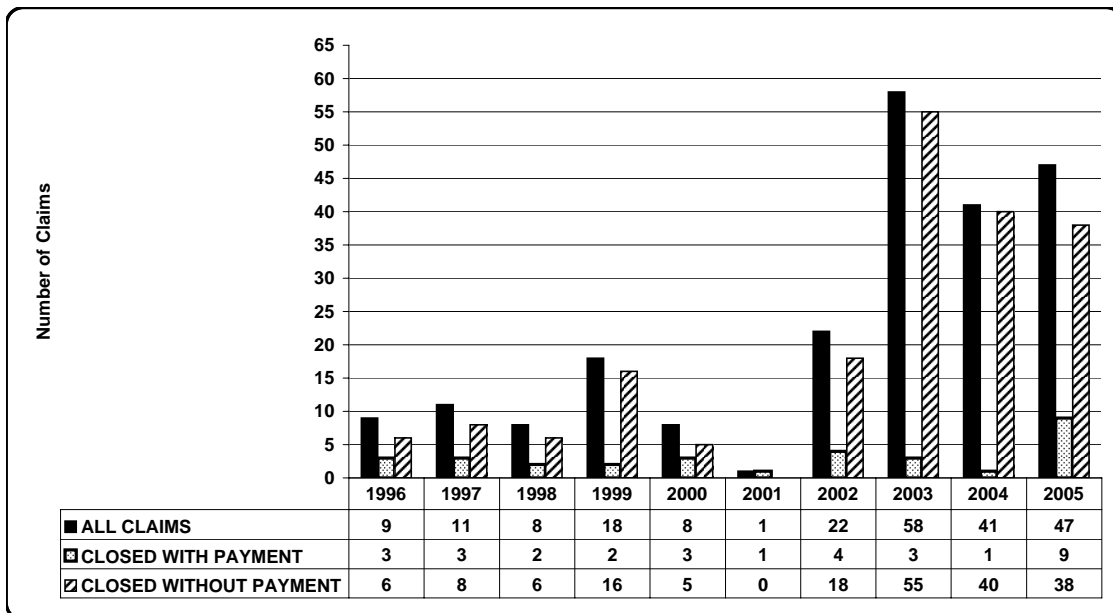
**CLAIM DISPOSITION  
TRENDS  
OF  
2005**

## BEFORE FILING SUIT OR DEMANDING HEARING

Average Paid Indemnity & Average Loss Expense

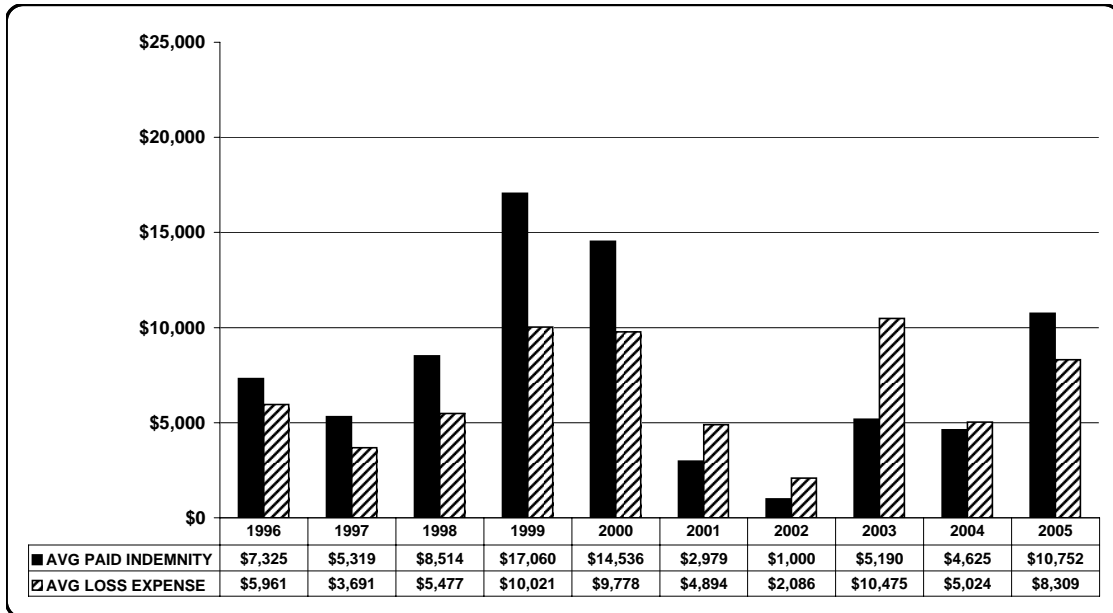


Claim Count

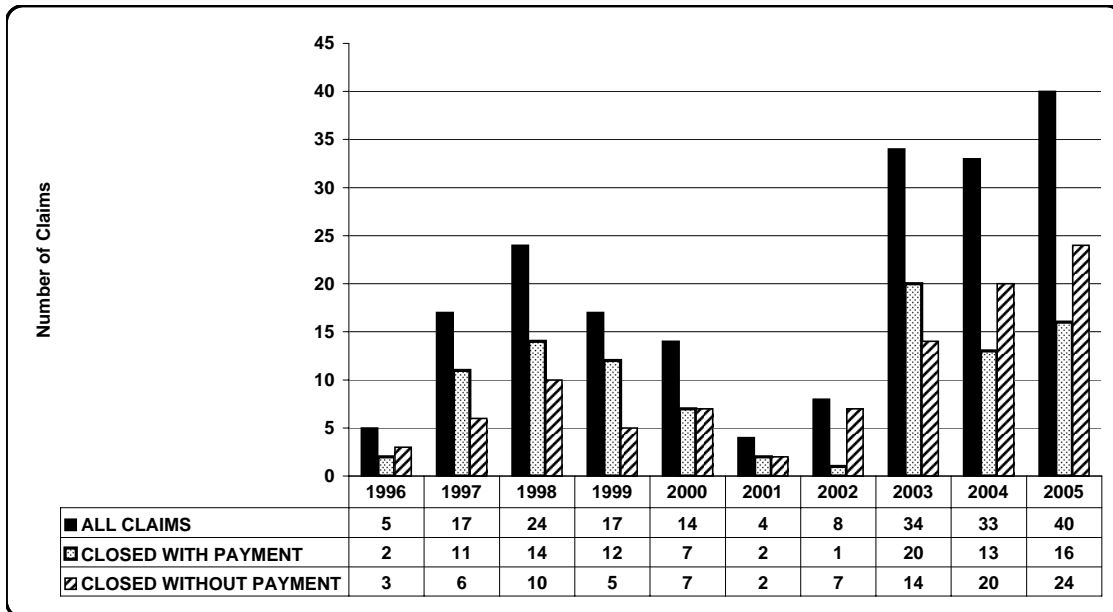


## BEFORE TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense

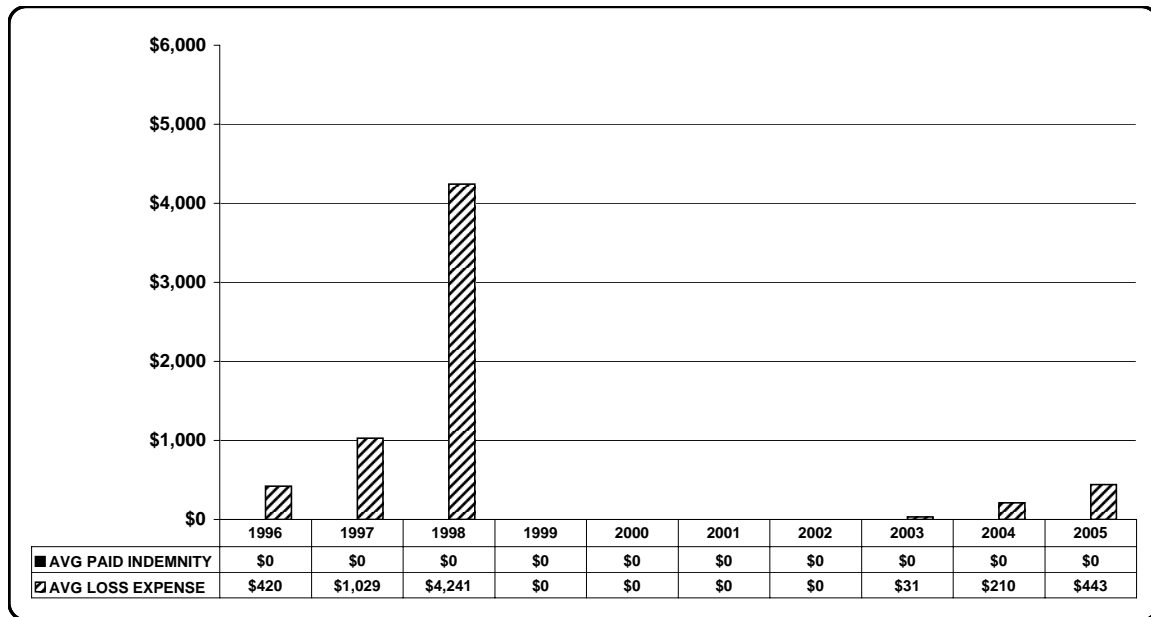


Claim Count

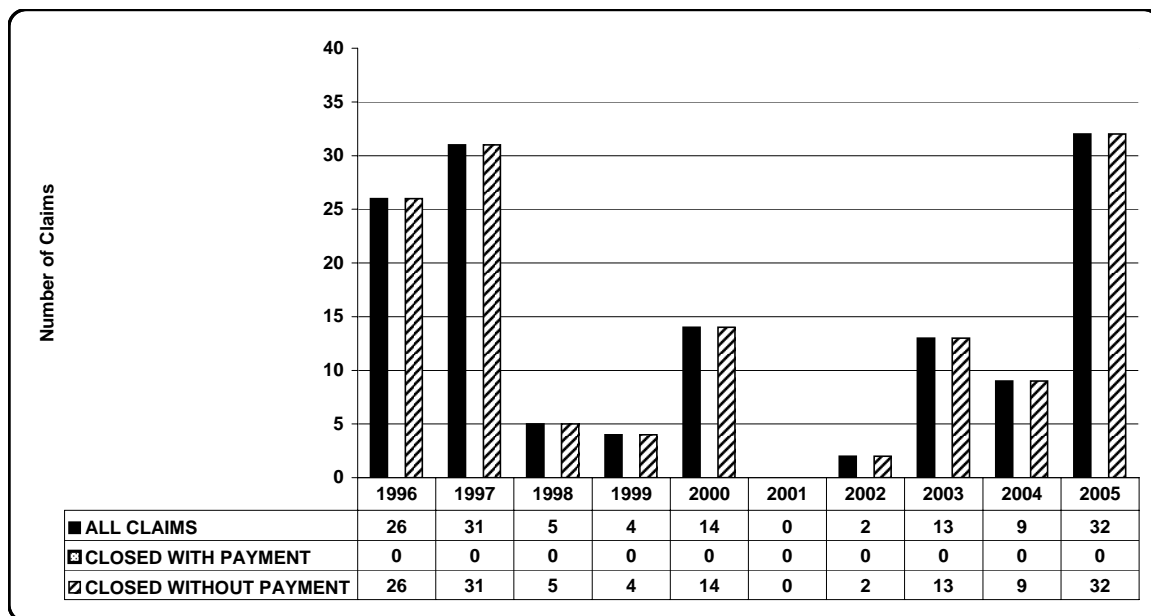


## CLAIM OR SUIT ABANDONED

Average Paid Indemnity & Average Loss Expense

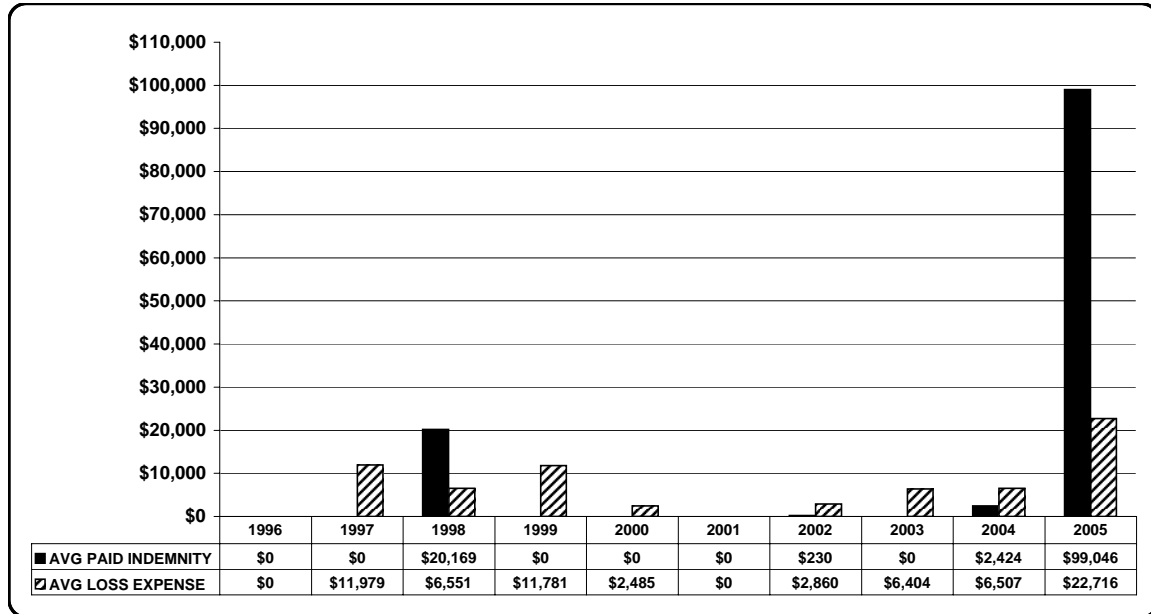


Claim Count

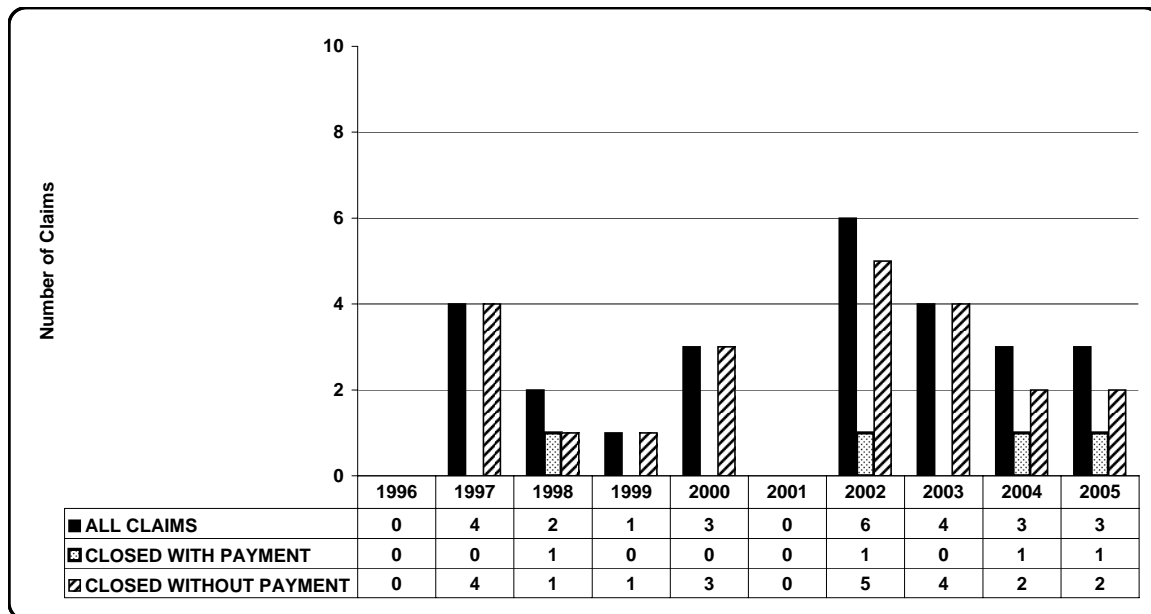


## AFTER JUDGMENT, BEFORE APPEAL

Average Paid Indemnity & Average Loss Expense

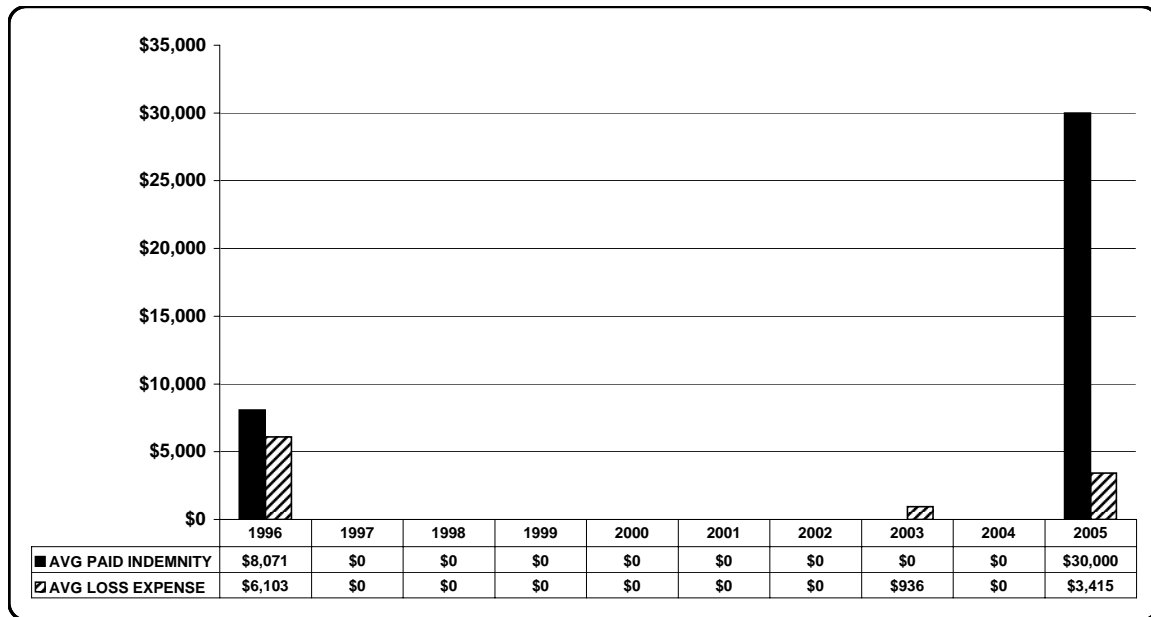


Claim Count

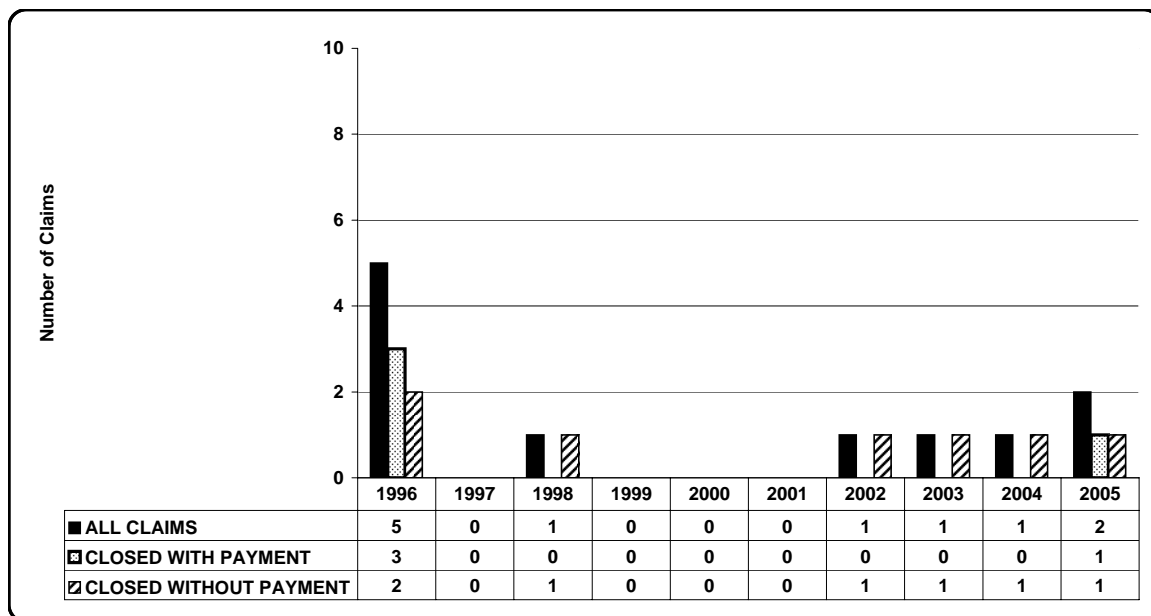


## DURING TRIAL OR HEARING

Average Paid Indemnity & Average Loss Expense



Claim Count



**TEN YEAR SUMMARY  
&  
2005 SUMMARY  
BY  
YEARS ADMITTED TO PRACTICE**

REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
  
FOR YEARS 1996 - 2005

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	375	93	67.39%	\$10,099	\$939,174	76.16%	\$3,705
4 TO 10 YEARS	178	28	20.29%	\$7,205	\$201,726	16.36%	\$2,276
UNDER 4 YEARS	39	16	11.59%	\$5,531	\$88,489	7.18%	\$3,641
NOT SPECIFIED	1	1	0.72%	\$3,751	\$3,751	0.30%	\$10,002
TOTAL	593	138	100.00%	\$8,936	\$1,233,140	100.00%	\$3,282



REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS

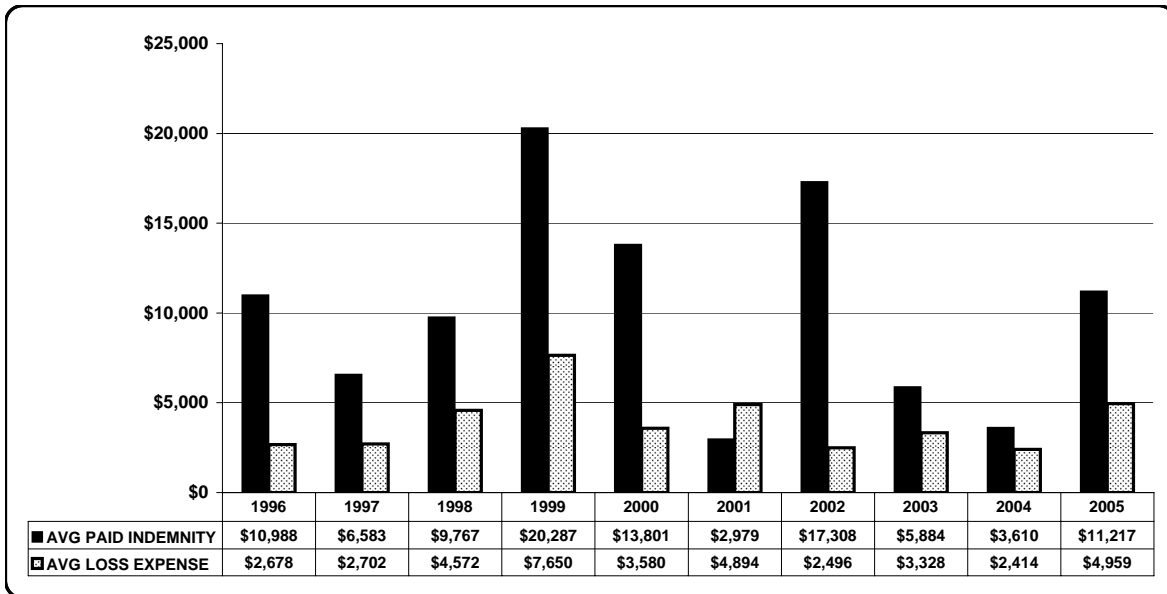
CLAIMS CLOSED IN 2005

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	79	22	81.48%	\$11,217	\$246,774	70.94%	\$4,959
4 TO 10 YEARS	38	5	18.52%	\$20,220	\$101,100	29.06%	\$2,149
UNDER 4 YEARS	7	0	0.00%	\$0	\$0	0.00%	\$1,282
TOTAL	124	27	100.00%	\$12,884	\$347,874	100.00%	\$3,890

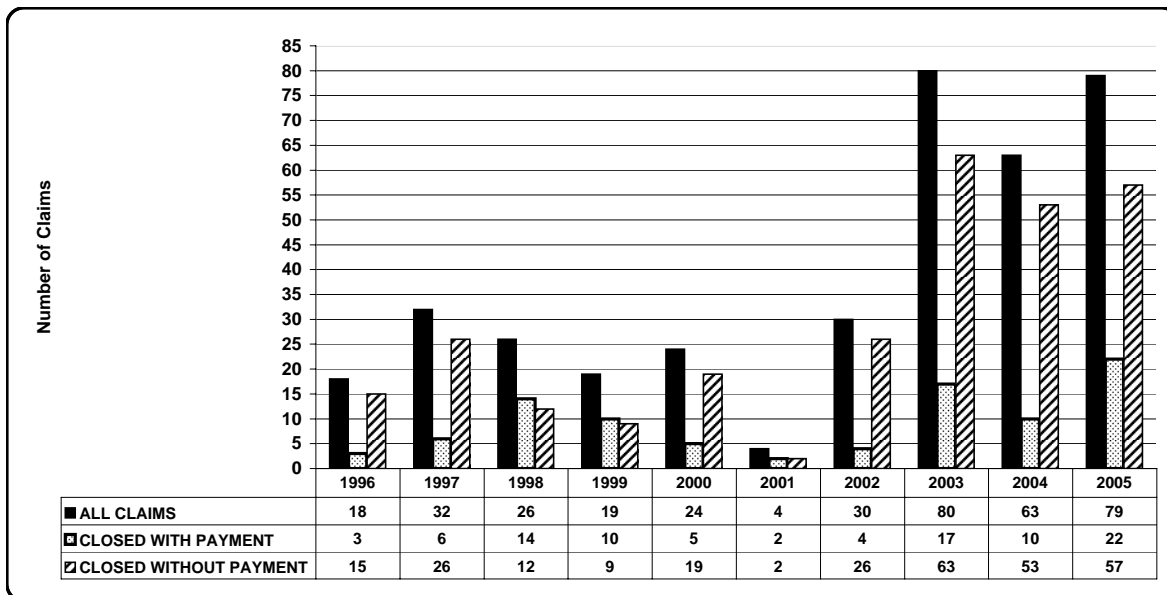
**YEARS ADMITTED TO PRACTICE  
TRENDS  
OF  
2005**

## OVER 10 YEARS

### Average Paid Indemnity & Average Loss Expense

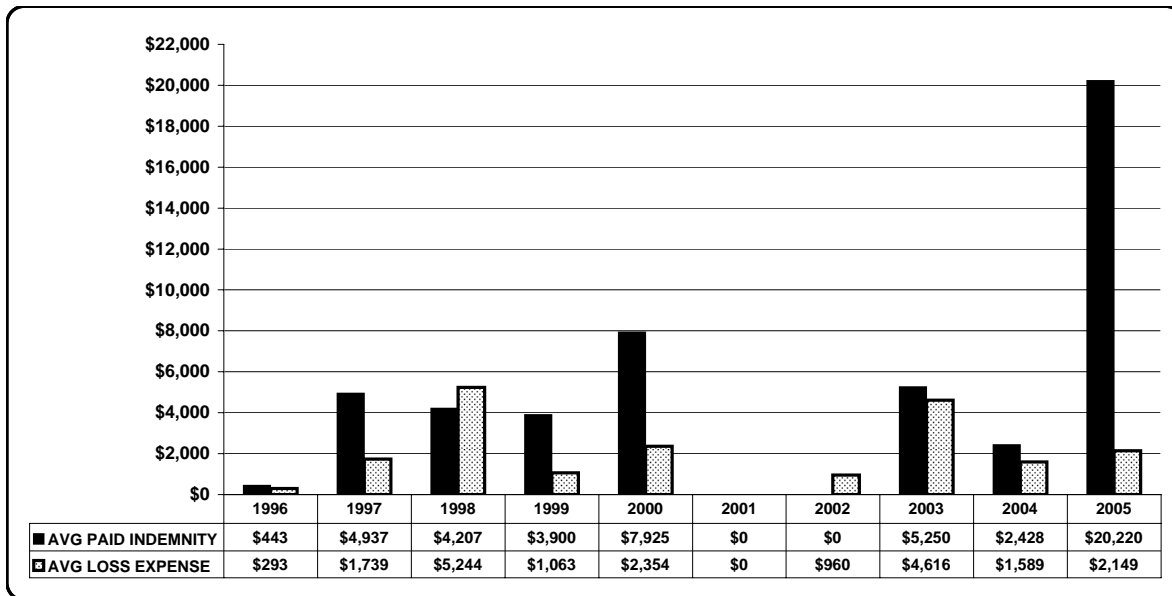


### Claim Count

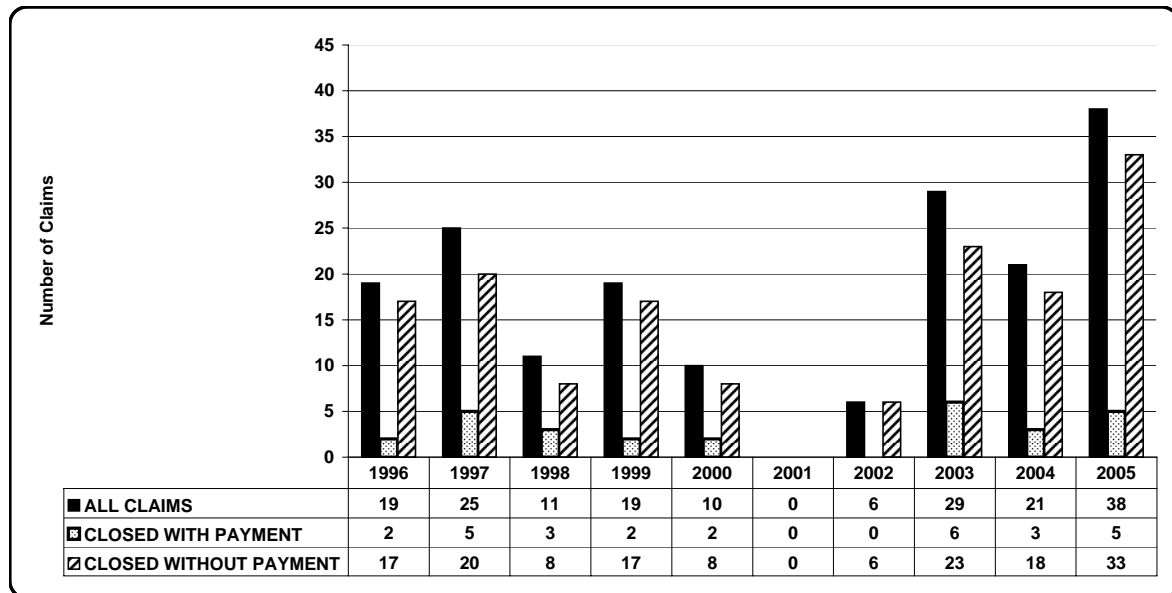


## 4 TO 10 YEARS

Average Paid Indemnity & Average Loss Expense

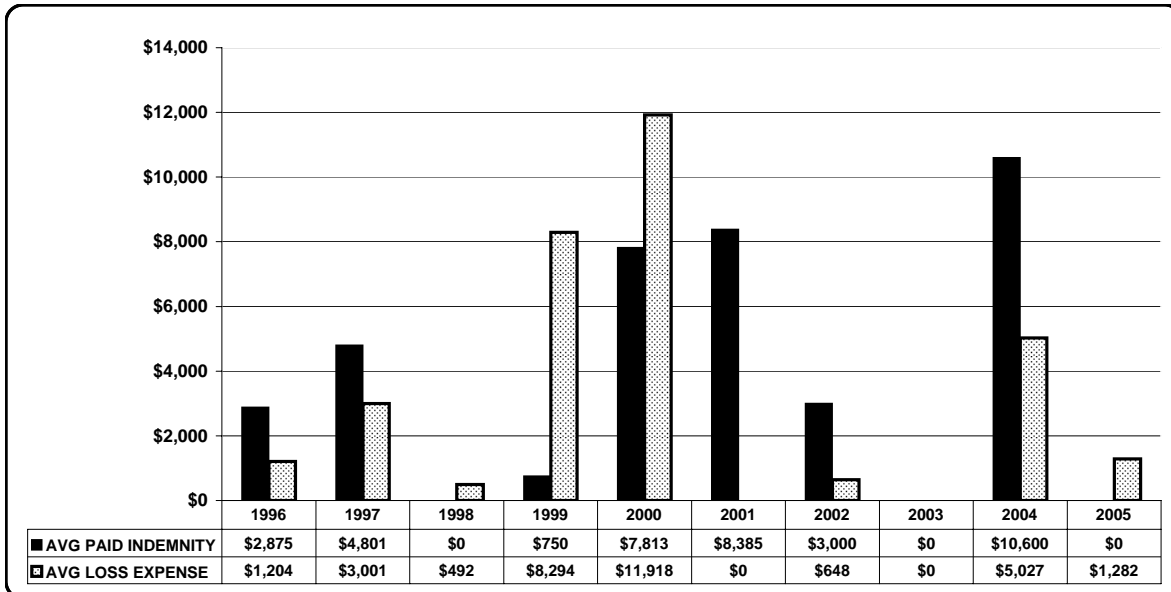


## Claim Count

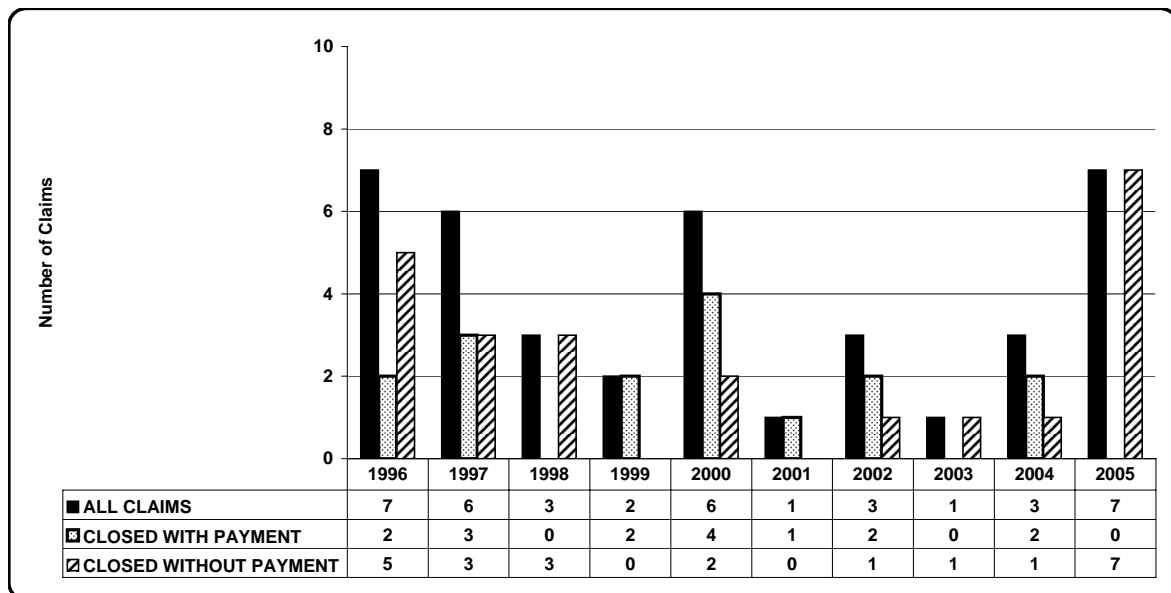


## UNDER 4 YEARS

Average Paid Indemnity & Average Loss Expense



## Claim Count



**TEN YEAR SUMMARY  
&  
2005 SUMMARY  
BY  
INSURED/CLAIMANT RELATIONSHIP**

**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
FOR YEARS 1996 - 2005**

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	390	81	58.70%	\$9,372	\$759,144	61.56%	\$3,055
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	203	57	41.30%	\$8,316	\$473,996	38.44%	\$3,720
<b>TOTAL</b>	<b>593</b>	<b>138</b>	<b>100.00%</b>	<b>\$8,936</b>	<b>\$1,233,140</b>	<b>100.00%</b>	<b>\$3,282</b>

**REAL ESTATE MALPRACTICE INSURANCE  
INDEMNITY ANALYSIS  
CLAIMS CLOSED IN 2005**

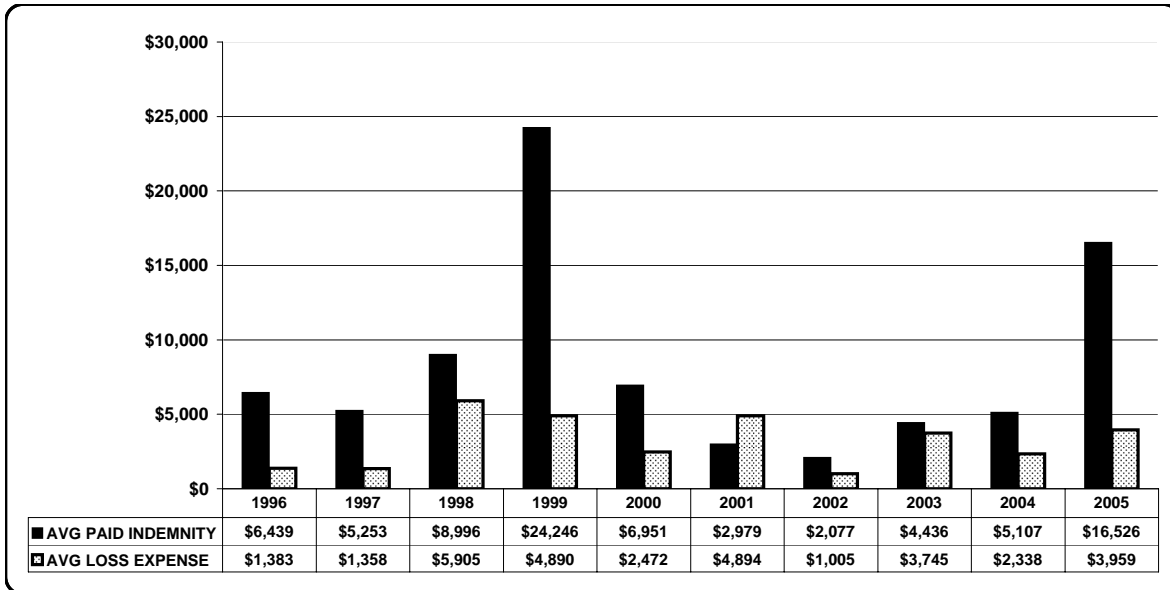
INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT	78	15	55.56%	\$16,526	\$247,884	71.26%	\$3,959
CONTRACTUAL RELATIONSHIP WITH CLAIMANT	46	12	44.44%	\$8,333	\$99,990	28.74%	\$3,774
<b>TOTAL</b>	<b>124</b>	<b>27</b>	<b>100.00%</b>	<b>\$12,884</b>	<b>\$347,874</b>	<b>100.00%</b>	<b>\$3,890</b>



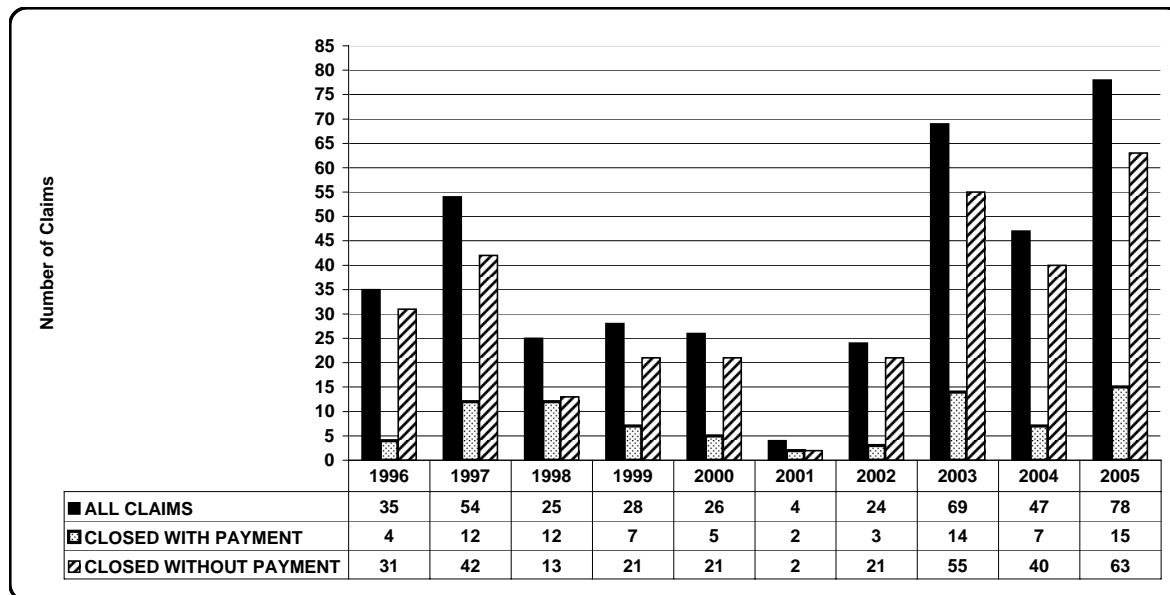
**INSURED/CLAIMANT RELATIONSHIP  
TRENDS  
OF  
2005**

## NON-CONTRACTUAL RELATIONSHIP WITH CLAIMANT

### Average Paid Indemnity & Average Loss Expense

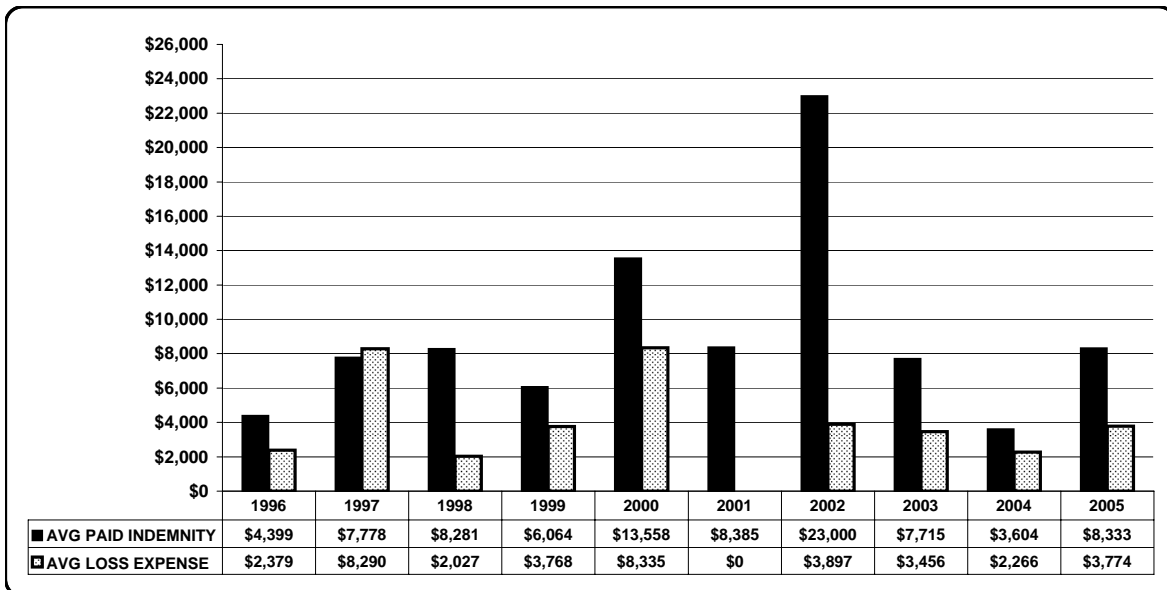


### Claim Count

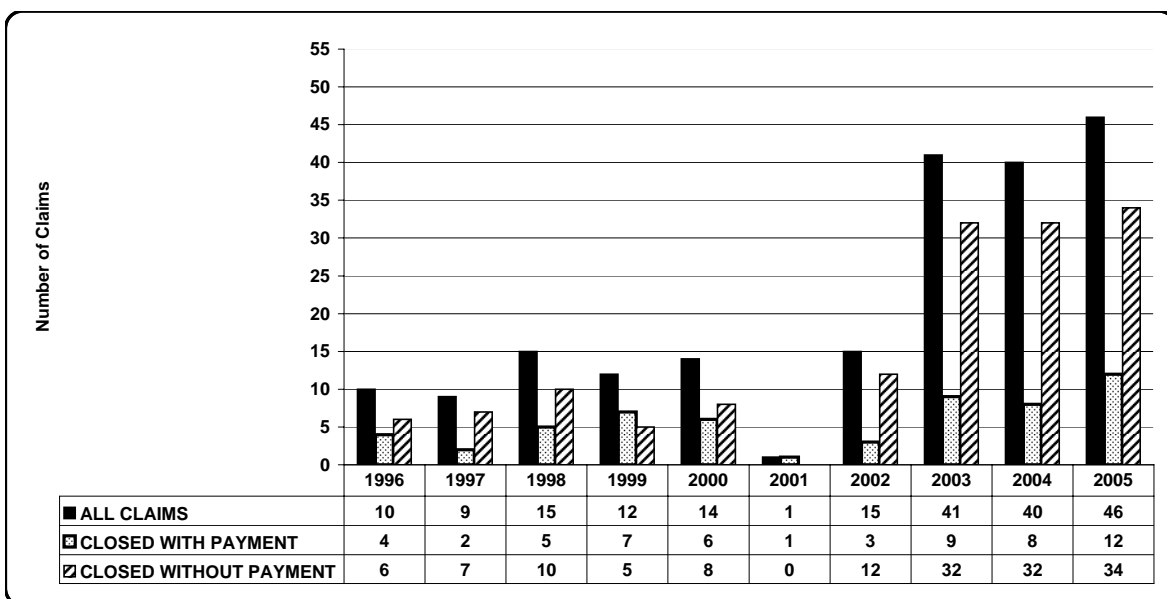


## CONTRACTUAL RELATIONSHIP WITH CLAIMANT

### Average Paid Indemnity & Average Loss Expense



### Claim Count



**PREMIUM  
AND  
LOSS DATA**

**PAGE 20 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE  
WITH MARKET SHARE**

**2005 EXPERIENCE**

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
24767	ST PAUL FIRE & MARINE INSURANCE CO	-32.06%	\$280,739	\$259,775	\$155,823	59.98%
19917	LIBERTY INSURANCE UNDERWRITERS INC.	-29.23%	\$255,989	\$255,324	-\$13,776	-5.40%
25895	UNITED STATES LIABILITY INSURANCE CO	-13.08%	\$114,561	\$103,854	\$18,001	17.33%
22322	GREENWICH INSURANCE COMPANY	-12.19%	\$106,777	\$115,861	\$25,965	22.41%
24775	ST PAUL GUARDIAN INSURANCE COMPANY	-0.13%	\$1,161	\$1,064	\$1,573	147.84%
21296	COMMERCIAL GUARANTY CASUALTY INS CO	0.00%	\$0	\$0	\$5,633	N/A
22136	GREAT AMERICAN INS COMPANY OF NEW YORK	0.00%	\$0	\$0	-\$18,472	N/A
20443	CONTINENTAL CASUALTY COMPANY	186.70%	-\$1,634,945	-\$1,641,264	\$355,258	-21.65%
<b>TOTAL</b>		<b>100.00%</b>	<b>-\$875,718</b>	<b>-\$905,386</b>	<b>\$530,005</b>	<b>-58.54%</b>

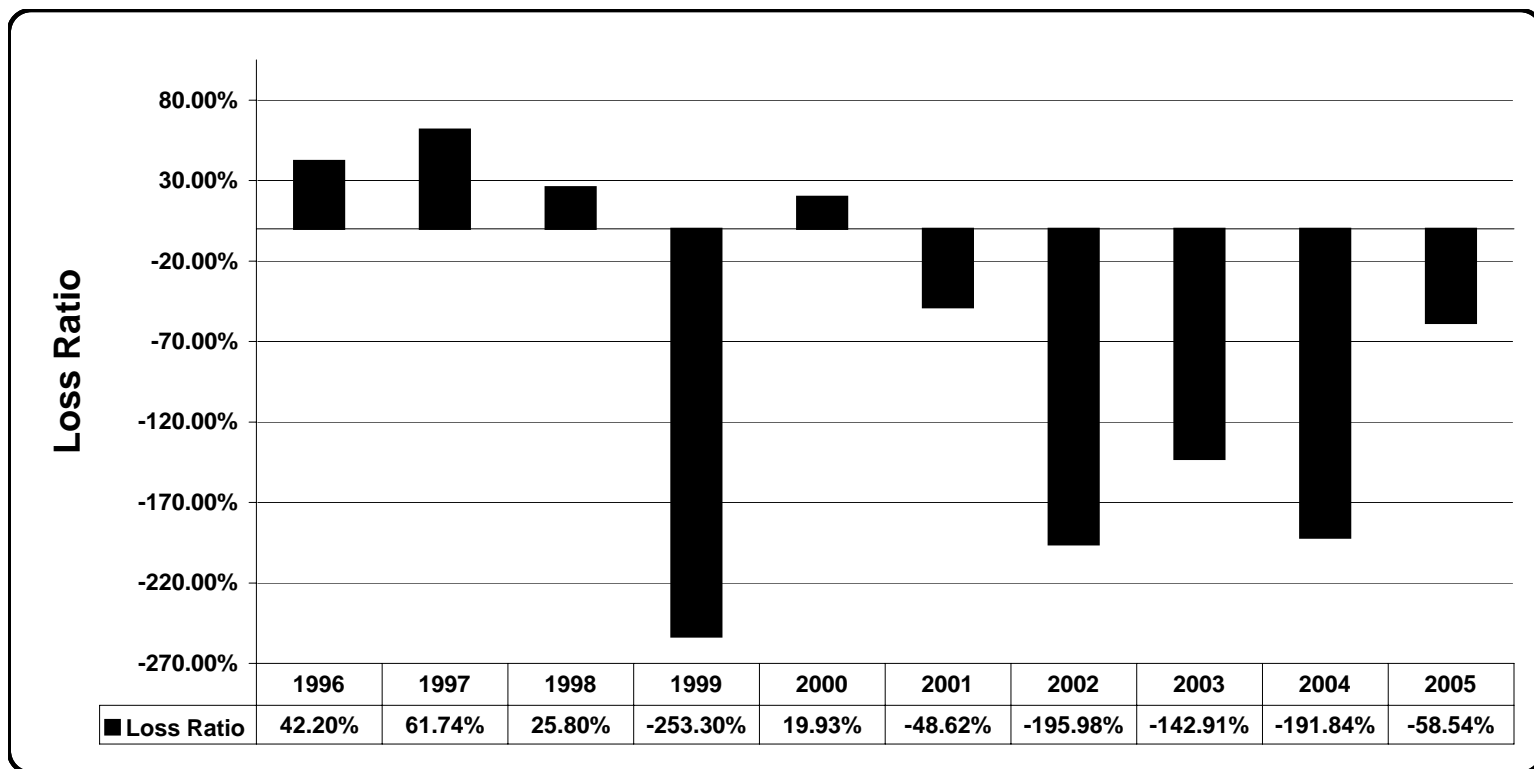
PAGE 20 SUPPLEMENT REAL ESTATE MALPRACTICE EXPERIENCE

TEN YEAR SUMMARY

Year	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1996	\$657,869	\$686,562	\$289,707	42.20%
1997	\$619,604	\$651,641	\$402,297	61.74%
1998	\$1,559,815	\$1,688,776	\$435,667	25.80%
1999	\$412,988	\$117,643	-\$297,986	-253.30%
2000	\$450,419	\$80,699	\$16,082	19.93%
2001	\$627,684	-\$274,156	\$133,283	-48.62%
2002	\$1,106,459	-\$86,912	\$170,332	-195.98%
2003	\$1,502,753	-\$545,691	\$779,853	-142.91%
2004	\$2,195,145	-\$537,235	\$1,030,640	-191.84%
2005	-\$875,718	-\$905,386	\$530,005	-58.54%
10-Year Total	\$8,257,018	\$875,941	\$3,489,880	398.41%

**PAGE 20 SUPPLEMENT  
REAL ESTATE MALPRACTICE EXPERIENCE**

**TEN YEAR LOSS RATIO SUMMARY**



## DEFINITION OF TERMS

**Market Share:** The dollar amount of direct premium written by an insurer divided by the total amount of direct premiums written industry-wide for the particular line of business being analyzed, expressed as a percentage.

**Written Premium:** Amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

**Earned Premium:** The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

**Incurred Losses:** The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

**Loss Ratio:** The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.

**Indemnity Paid:** The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

**Loss Adjustment Expenses:** The cost involved in an insurance companies adjustment of losses under a policy.



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